

## Message Text

UNCLASSIFIED

PAGE 01 RIO DE 04382 251844Z

64

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 GSA-02 INT-05 COME-00 TRSE-00

STR-04 L-02 CIAE-00 INR-07 NSAE-00 RSC-01 /039 W

----- 105764

R 251740Z NOV 74

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 1757

INFO AMEMBASSY BRASILIA

AMCONSUL SALVADOR

UNCLAS RIO DE JANEIRO 4382

E.O. 11652: N/A

TAGS: EMIN, ETRD, BR

SUBJECT: QUARTZ CRYSTAL EXPORTS

REF.: (A) STATE 249962; (B) RIO 3725

SUMMARY: CONGEN OFFICER HAS EXPRESSED CONCERN TO CACEX OVER PRECIPITOUS PRICE INCREASE OF LASCA EXPORTS. CACEX HAS CLARIFIED THAT 600 MT QUOTA FOR OCTOBER-DECEMBER PERIOD APPLIES ONLY TO LASCA. ALTHOUGH THERE IS NO QUOTA ON OTHER GRADES OF QUARTZ CRYSTALS, CACEX HAS ESTABLISHED MINIMUM EXPORT PRICES. INTERMINISTERIAL COMMITTEE IS DEVELOPING NEW POLICY FOR 1975. END SUMMARY.

1. IN MEETING WITH PAULO LACERDA, HEAD OF MINERALS SECTION OF CACEX (FOREIGN TRADE DEPARTMENT OF BANK OF BRAZIL), CONGEN OFFICER DISCUSSED QUARTZ CRYSTAL SITUATION AND EXPRESSED CONCERN OVER PRECIPITOUS PRICE INCREASE OF BRAZILIAN LASCA EXPORTS. LACERDA REPEATED POINTS MADE IN REFTEL )B), STATING THAT PRICES WERE NOT RAISED FOR REVENUE PURPOSES, BUT RATHER TO ENCOURAGE A DOMESTIC QUARTZ CRYSTAL INDUSTRY WHICH WOULD SELL FINISHED PRODUCTS ABROAD AT SUBSTANTIALLY HIGHER PRICES. (FYI: BANK OF BRAZIL ON OCTOBER 11 IMPLEMENTED RESOLUTION ESTABLISHING EXPORT TAX (QUOTA DE CONTRIBUICAO) OF 10 PERCENT AD VALOREM PAYMENT BASED ON FOB PRICE OF LASCA EXPORTS. PAYMENTS ARE TO GO TO GOB FUND FOR INDUSTRIAL AND TECHNOLOGICAL DEVELOPMENT OF QUARTZ.

UNCLASSIFIED

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PAGE 02 RIO DE 04382 251844Z

END FYI.)

2. CACEX OFFICIAL STATED THAT 600 MT QUOTA FOR OCTOBER-DECEMBER 1974 PERIOD APPLIES ONLY TO LASCA (REFERRED TO AS QUARTZ CHIPS IN REFTEL (B). ALTHOUGH THERE IS NO QUOTA ON OTHER GRADES OF QUARTZ CRYSTALS, CACEX ESTABLISHED MINIMUM EXPORT PRICES WHICH TOOK EFFECT IN NOVEMBER, A LIST OF WHICH IS BEING FORWARDED BY AIRGRAM. COMMENT: LACERDA INDICATED THAT EXPORTERS HAD LODGED STRONG COMPLAINTS WITH CACEX OVER LEVEL OF LASCA QUOTA ESTABLISHED FOR REMAINDER OF YEAR.

3. ASKED ABOUT GOB QUARTZ CRYSTAL PLANS FOR 1975, LACERDA STATED THAT INTERMINISTERIAL COMMITTEE IN BRASILIA WAS DEVELOPING POLICY GUIDELINES, BUT SAID HE WAS NOT APPRISED OF ITS PROGRESS, HEAD OF COMMITTEE IS DR. BAUTISTA VIDAL, SECRETARY OF INDUSTRIAL TECHNOLOGY, MINISTRY OF INDUSTRY AND COMMERCE.

4. ACCORDING CACEX DATA, DURING FIRST SIX MONTHS OF 1974, EXPORTS OF PIEZOELECTRIC GRADE CRYSTALS TOTALLED 34,535 KG., VALUED AT \$64,980 F.O.B. (\$1.88/KG.); EXPORTS OF LASCA WERE 4,651,610 KG., VALUED AT \$2,166,005 (\$0.46/KG); EXPORTS OF OTHER GRADES TOTALLED 217,596 KG., VALUED AT \$387,710 (\$1.78/KG.). FOR FIRST EIGHT MONTHS OF 1974, EXPORTS OF LASCA TOTALLED 5,882 KG., BUT WE HAVE NO ADDITIONAL FIGURES FOR JANUARY-AUGUST PERIOD.

5. DURING 1973, EXPORTS OF NATURAL QUARTZ CRYSTALS TOTALLED 395,192 KG., VALUED AT \$653,068; PIEZOELECTRIC GRADE EXPORTS TOTALLED 22,675 KG., VALUED AT \$145,327; LASCA WAS 3,933,708 KG., VALUED AT \$1,886,804; AND OTHER GRADES WERE 16,531 KG., VALUED AT \$31,637. SHIPMENTS OF LASCA AND PIEZOELECTRIC CRYSTALS TO U.S. REPRESENTED 11 PERCENT OF BRAZIL'S EXPORTS OF THOSE GRADES; 6 PERCENT OF BRAZIL'S RAW QUARTZ CRYSTAL EXPORTS WERE SHIPPED TO U.S.

6. DURING 1972, EXPORTS OF NATURAL QUARTZ CRYSTALS TOTALLED 311,253 KG., VALUED AT \$345,275; PIEZOELECTRIC GRADE EXPORTS TOTALLED 43,692 KG., VALUED AT \$183,519; LASCA WAS 2,867,558 KG., VALUED AT \$1,403,630; AND OTHER GRADES WERE 36,491 KG., VALUED AT \$54,248.

7. IF MR. BASS VISITS BRAZIL, WE SUGGEST HE DISCUSS QUARTZ  
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PAGE 03 RIO DE 04382 251844Z

CRYSTAL SITUATION WITH MR. LACERDA AND WITH DR. AECIO GOMES DA COSTA, HEAD OF RIO OFFICE OF MINISTRY OF MINE'S DNPM (NATIONAL DEPARTMENT OF MINERAL PRODUCTION). IN BRASILIA IT WOULD BE USEFUL FOR HIM TO CALL ON DR. VIDAL IN MINISTRY OF INDUSTRY AND COMMERCE AND, IF HE WISHES, HIGH-LEVEL CACEX AND DNPM OFFICIALS. WE WILL BE GLAD TO ARRANGE APPOINTMENTS.

8. FYI: ONE AMERICAN WITH WHOM WE HAVE HAD CONTACT, MR.

BALDWIN SAWYER, HAS MADE A PROPOSAL TO GOB CONCERNING  
ESTABLISHMENT OF A NEW INDUSTRY FOR FUSING QUARTZ MATERIALS AND  
FUSED QUARTZ PRODUCTS IN BRAZIL. BALDWIN IS PRESIDENT OF  
GRADED QUARTZ, INC., P.O. BOX 268, LIBERTY CORNER, NEW JERSEY  
07938. END FYI.

9. ABOVE MESSAGE HAS BEEN CLEARED BY EMBASSY BRASILIA.  
MILLER

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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